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FRP:

SPECIAL CHANNELS

CONF: DCI/PA

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TO: IMMEDIATE

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PASS TO DDCI FROM HETU

SUMMARY FROM PUBLIC AFFAIRS OFFICE

A. MEDIA PROFILE

1. THE MAJOR STORIES IN FRIDAY'S NEWSPAPERS CONCERN NEW PROBLEMS IN THE MIDDLE EAST PEACE TREATY NEGOTIATIONS, WITH THE US AND ISRAEL ENGAGING IN A SHARP PUBLIC DISPUTE OVER ISRAEL'S DECISION TO ENLARGE ITS SETTLEMENTS ON THE OCCUPIED WEST BANK OF THE JORDAN RIVER. MEANWHILE, ISRAEL, FOR THE FIRST TIME SINCE THE CAMP DAVID SUMMIT, HAS REASSERTED ITS RIGHT TO BUILD NEW CIVILIAN OUTPOSTS.

2. OTHER FRONT-PAGE STORIES: A. WESTERN DIPLOMATS AT THE UN, ALARMED BY A RECENT SOVIET THREAT TO DISRUPT AN EGYPTIAN-ISRAELI PEACE SETTLEMENT BY BLOCKING CREATION OF UN BUFFER ZONES IN THE SINAI, ARE CONSIDERING SETTLING UP AN INTERNATIONAL PEACE ARMY SEPARATE FROM THE UN. B. PRESIDENT CARTER HAS SIGNED AN ACT THAT WILL REQUIRE ALL FEDERAL EMPLOYEES IN GRADES GS16 AND ABOVE TO DISCLOSE ANNUALLY THEIR INCOME, ASSETS, DEBTS, AND CONSIDERABLE OTHER FINANCIAL INFORMATION. C. THE PRESIDENT ANNOUNCED YESTERDAY THAT HE WOULD SIGN THE \$18.6 BILLION TAX CUT BILL.

B. SUMMARY OF SPECIAL ITEMS

3. THE US IS CONSIDERING POSTPONEMENT OF A PENTAGON MISSION TO ISRAEL TO SURVEY POSSIBLE SITES FOR US-BUILT AIRBASES IN THE NEGEV DESERT, ACCORDING TO INFORMED SOURCES. THIS COMES IN RESPONSE TO THE ISRAELI ANNOUNCEMENT TO EXPAND THEIR SETTLEMENTS ON THE WEST BANK. THE SOURCES ADD, HOWEVER, THAT EVENTUAL US RESPONSE WILL DEPEND UPON WHETHER THE ISRAELI ANNOUNCEMENT ACTUALLY LEADS TO A MAJOR EXPANSION OF THE SETTLEMENTS. (API)

4. THE SOVIET UNION HAS WARNED SEVERAL WEST EUROPEAN COUNTRIES THAT SELLING ARMS TO CHINA COULD CAUSE SEVERE DAMAGE TO BILATERAL RELATIONS WITH MOSCOW. FRANCE IS INVOLVED IN THE FINAL STAGES OF A

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\$350 MILLION SALE OF ANTITANK AND ANTIAIRCRAFT MISSILES AND HELICOPTERS; BRITAIN IS CONSIDERING THE SALE OF VERTICAL-TAKEOFF-AND-LANDING HARRIER FIGHTER PLANES; AND ITALY HAS BEEN EXPLORING THE POSSIBILITY OF SELLING ARMS TO CHINA. (POST)

5. THE SOVIET UNION HAS BILLED SOUTH KOREA \$100,000 FOR HUMANITARIAN AID TO THE 108 SURVIVORS OF THE KOREAN AIRLINES 707 WHICH WAS SHOT DOWN NEAR MURMANSK IN APRIL OF THIS YEAR. THE SOVIETS SENT THE BILL TO PAN AMERICAN WORLD AIRWAYS WHICH ACTS AS GENERAL REPRESENTATIVE FOR THE KOREAN FIRM. (POST)

6. A DIFFERENCE OF OPINION HAS DEVELOPED BETWEEN GENERAL ALEXANDER HAIG, THE SUPREME ALLIED COMMANDER OF NATO, AND WEST GERMAN DEFENSE MINISTER HANS APEL OVER THE ANNUAL NATO AUTUMN MILITARY EXERCISES. GENERAL HAIG IS CONVINCED THAT THE EXERCISES ARE ESSENTIAL IF NATO IS TO BE A CREDIBLE CONVENTIONAL DETERRENT TO THE SOVIET UNION AND THE WARSAW PACT FORCES IN EASTERN EUROPE. MINISTER APEL FEELS THAT THE EXERCISES, WHICH THIS YEAR RESULTED IN EXTENSIVE PROPERTY DAMAGE AND AT LEAST 12 DEATHS, ARE NOW AN INTOLERABLE BURDEN ON THE WEST GERMAN PEOPLE. SENIOR US AND BRITISH OFFICERS BELIEVE THAT THE POWER OF THE US AND ITS ALLIES TO PREVENT A CONFRONTATION OR TO CHECK THE FIRST PHASE OF A WARSAW PACT ATTACK WILL BE SERIOUSLY REDUCED IF THE US IS UNABLE--FOR POLITICAL REASONS --TO CONDUCT AT LEAST PART OF THIS EXERCISE EACH YEAR. (NYT)

7. IN LINE WITH IMPORTANT CHANGES OCCURING IN CHINA SINCE THE ARREST OF MADAM MAO-TSE-TUNG AND THE "GANG OF OUR" IN 1976, CHINA IS NOW ALLOWING CIA ANALYSTS TO TOUR THE COUNTRY. CHINESE OFFICIALS INDICATE THEIR DESIRE FOR ANALYSTS TO OBTAIN A FIRSTHAND UNDERSTANDING OF CHANGES OCCURING IN CHINESE SOCIETY. THE ARTICLE REPORTS THAT JAMES LILLEY, A "NATIONAL INTELLIGENCE OFFICER" IS NOW IN PEKING AS AN OFFICIAL MEMBER OF THE SCHLESINGER DELEGATION. RELIABLE SOURCES REPORT THAT CHINESE AUTHORITIES ALSO HAVE ARRANGED TOURS FOR A CIA POLITICAL ANALYST AND A CIA ECONOMIC ANALYST IN THE LAST SIX MONTHS. (LDT)

8. THE UNITED NATIONS COMMAND IN THE KOREAN DEMILITARIZED ZONE ANNOUNCED THIS MORNING ITS DISCOVERY ON 17 OCTOBER OF ANOTHER COMMUNIST INFILTRATION TUNNEL. THE DISCOVERY CAME FROM A TIP BY A NORTH KOREAN DEFECTOR. THIS MARKS THE THIRD TUNNEL FOUND SINCE 1974, AND A UNC SOURCE REPORTS THERE IS SOLID EVIDENCE OF SOME TEN

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MORE INFILTRATION ROUTES BENEATH THE DMZ. (FBIS)

9. CHINESE DEPUTY PRIME MINISTER TENG HSIAO-PING, CURRENTLY VISITING JAPAN, APPEARS TO BE PURSUING A MAJOR POLICY AIM OF STRENGTHENING CHINA AND INCREASING ITS SECURITY. OBSERVERS IN TOKYO BELIEVE TENG IS LAYING THE GROUNDWORK FOR FUTURE ACQUISITION OF MILITARY AID FROM JAPAN, ONCE JAPAN'S BAN ON ARMS EXPORTS IS LIFTED. (NYT)

10. FORMER INDIAN PRIME MINISTER INDIRA GANDHI IS ONCE AGAIN ACTIVELY CAMPAIGNING TO REGAIN THE PARLIAMENTARY SEAT SHE LOST IN LAST YEAR'S ELECTION. THE MAJOR ISSUE FACING MRS. GANDHI IN THE 5 NOVEMBER ELECTION IS THE AUTHORITARIAN EMERGENCY PERIOD WITH WHICH SHE ENDED HER 11 YEARS AS PRIME MINISTER. SHE IS DEFENDING THE EMERGENCY PERIOD AS A TIME OF PROGRESS FOR INDIA; HER OPPONENTS ARE LABELING HER A "FASCIST" WHOSE AIM IS TO REINSTITUTE A DICTATORSHIP IN INDIA. (NYT)

11. SAUDI PETROLEUM MINISTER ZAKI YAMANI MET WITH VENEZUELAN PRESIDENT PEREZ IN CARACAS YESTERDAY TO DISCUSS A POSSIBLE 10 PERCENT OIL PRICE INCREASE AND OTHER PREPARATIONS FOR THE DECEMBER MEETING OF OPEC MINISTERS IN ABU DHABI. (FBIS)

12. FBI DIRECTOR WILLIAM WEBSTER REPORTS THAT CHICAGO IS A KEY TARGET OF SOVIET BLOC SPIES. THE "SUBSTANTIAL FOREIGN INTELLIGENCE ACTIVITY" IN CHICAGO SEEKS INFORMATION ON ADVANCED AMERICAN TECHNOLOGY IN THE AREAS OF SPACE RESEARCH, NUCLEAR ENERGY, COMPUTERS, LASER BEAMS, AND MICRO-ELECTRONICS. (REUTERS)

13. TWO PSYCHIATRISTS WRITING IN THE "LETTERS TO THE EDITOR" SECTION OF THE POST STRONGLY CRITICIZE DR. JACK BARUCH'S BREACH OF CONFIDENTIALITY IN PUBLICLY COMMENTING ON JOHN PAISLEY'S STATE OF MIND. (POST) E2 IMPDET. >

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